

Message Text

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43

ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEAE-00

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT MANAGEMENT

1. AT INFORMAL MEETING OF KEY DEVELOPED COUNTRY REPS
JULY 18 GATT D-G LONG NOTED THAT THE GATT SECRETARIAT HAD
BEEN APPROACHED BY IMF STAFF REGARDING MODALITIES FOR
IMPLEMENTING PROVISIONS OF IMF'S OUTLINE OF REFORM CALLING
FOR CLOSER GATT/IMF COORDINATION. LONG SAID IMF STAFF,
WHICH IS TAKING THIS ISSUE SERIOUSLY, IS INITIATING PRELIMINARY
DISCUSSIONS WITH HOPE THAT SOME ARRANGEMENT CAN BE WORKED
OUT PRIOR TO THE IMF MEETING AT THE END OF SEPTEMBER. LONG
THOUGHT, THEREFORE, THAT GATT COUNCIL SHOULD BE PREPARED TO
TAKE UP THIS QUESTION IN SEPTEMBER.

2. LONG ALSO GAVE A SUMMARY OF INTENSIVE MEETINGS HE SAID
HE HELD WITH DEVELOPING COUNTRIES ON HIS GATT MANAGEMENT
PROPOSAL. HE CHARACTERIZED LDC REACTION AS HIGHLY POSITIVE,
WITH LDC'S QUESTIONING NOT WHETHER THERE SHOULD BE SUCH A
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GROUP WITHIN GATT BUT HOW AND WHEN IT CAN BE SET UP. LONG

DID NOT, HOWEVER, GIVE ANY INDICATION OF LDC VIEWS ON REPRESENTATION ON A LIMITED MANAGEMENT GROUP WHICH IS GENERALLY ANTICIPATED TO BE A MAJOR STUMBLING BLOCK.

3. MAIN IMPORT OF LONG'S REMARKS, WHICH WERE SECONDED BY PATTERSON, WAS THAT IMF IS CLEARLY PUTTING ITSELF IN A POSITION TO MORE EFFECTIVELY MANAGE THE INTERNATIONAL MONETARY SYSTEM IN A WAY WHICH REQUIRES THAT THE IMF TAKE INCREASINGLY INTO ACCOUNT TRADE POLICY MATTERS. WAYS MUST BE FOUND IN LONG'S VIEW, TO ENSURE THAT IMF DISCUSSIONS AND FINDINGS ARE MADE WITH THE ADVICE OF SENIOR TRADE POLICY OFFICIALS BOTH IN CAPITALS AND IN INTERNATIONAL BODIES. HE BELIEVES THAT BETTER COORDINATION INTERNATIONALLY ON TRADE AND MONETARY POLICIES WILL ALSO HAVE THE BENEFICIAL EFFECT OF IMPROVED TRADE AND MONETARY POLICY COORDINATION WITHIN GOVERNMENTS.

4. THE COMMENTS OF MOST DC REPS AT THE MEETING WERE CAUTIOUSLY POSITIVE TOWARD LONG'S MANAGEMENT GROUP PROPOSAL. THERE WAS GENERAL APPRECIATION FOR HIS VIEWS ON THE NEED FOR CLOSER COORDINATION OF TRADE AND MONETARY POLICES, INCLUDING THE NEED FOR A GATT ROLE IN THIS PROCESS INTERNATIONALLY. HIJZEN NOTED THAT THE EC'S READING OF LDCS' VIEWS WAS NOT AS POSITIVE AS THOSE OF LONG. (MISSION COMMENT: NOR IS OURS.) HE WONDERED HOW EFFECTIVE A MANAGEMENT GROUP COULD BE IF, AS PROPOSED BY LONG, IT DID NOT HAVE A DECISION MAKING ROLE. DE MOREL (FRANCE) ASKED IF IT WOULD NOT BE BETTER TO APPROACH THE ISSUE THROUGH STRENGTHENING THE GATT COUNCIL RATHER THAN SETTING UP A NEW GROUP. KITAHARA (JAPAN) RESPONDED POSITIVELY TO LONG'S PROPOSAL. US REP (MALMGREN) NOTED THAT U.S. SHARES CONCERN OVER NEED FOR IMPROVED COORDINATION ON MONETARY AND TRADE ISSUES. US SAID IN PRINCIPLE WE FAVOR LONG'S APPROACH BUT ARE FLEXIBLE ON HOW IMPROVED COORDINATION CAN BEST BE ACHIEVED.

5. ALTHOUGH MEETING RESULTED IN NO CONCLUSIONS, WE EXPECT LONG HAVING NOW RECEIVED A GENERALLY POSITIVE RESPONSE FROM KEY LDC AND DC'S WILL GIVE HIS MANAGEMENT GROUP PROPOSAL A HIGH PRIORITY AND, DEPENDING ON THE RESULTS OF HIS DISCUSSIONS WITH THE IMF STAFF, WILL SEEK HAVE IT TAKEN UP BY THE GATT COUNCIL IN SEPTEMBER. ABRAMS

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